

One Hundred and Eleventh
ANNUAL REPORT
1943



YEAR ENDED
DECEMBER 31, 1943

STRAWBOARD

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ANNUAL REPORT
1943



YEAR ENDED
DECEMBER 31, 1943

DIRECTORS

PHILIP R. ALLEN, E. Walpole, Mass.	ALDUS C. HIGGINS, Worcester, Mass.
ROGER AMORY, Boston, Mass.	HARVEY P. HOOD, Cambridge, Mass.
LOUIS M. ATHERTON, Swampscott, Mass.	ERNEST M. HOPKINS, Hanover, N. H.
HUGH J. CHISHOLM, Portland, Maine	LOUIS K. LIGGETT, Brookline, Mass.
*T. JEFFERSON COOLIDGE, Brookline, Mass.	AUGUSTUS P. LORING, Jr., Beverly, Mass.
FAIRMAN R. DICK, New York, N. Y.	JOHN R. McLANE, Manchester, N. H.
HARRY H. DUDLEY, Concord, N. H.	†ARTHUR B. NICHOLS, Melrose, Mass.
FREDERIC C. DUMAINE, Jr., Weston, Mass.	ROY L. PATRICK, Burlington, Vt.
REGINALD FOSTER, Manchester, Mass.	WILLIAM B. SKELTON, Lewiston, Me.
EDWARD S. FRENCH, Springfield, Vt.	J. DUNCAN UPHAM, Claremont, N. H.
JAMES GARFIELD, Cambridge, Mass.	WILLIAM D. WOOLSON, Springfield, Vt.

* Elected February 29, 1944.

† Resigned February 29, 1944.

OFFICERS

President and Chairman of Executive Committee	EDWARD S. FRENCH
Vice-President and Clerk of Corporation	ARTHUR B. NICHOLS
Vice-President — Finance and Accounting	W. S. TROWBRIDGE
Vice-President — Operating	J. W. SMITH
Vice-President — Purchases and Stores	A. W. MUNSTER
Vice-President — Traffic	J. W. RIMMER
Treasurer	E. J. GALLAGHER
General Counsel	E. W. WHEELER
Chief Engineer	T. G. SUGHRUE

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 45 Milk Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.



BOSTON AND MAINE RAILROAD

To the Owners of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith a report for the year ended December 31, 1943.

INCOME ACCOUNT — CONDENSED

	1943	Increase or Decrease from 1942	Per Cent
Operating Revenues.....	\$86,325,775 30	\$ 8,679,104 85	11.18
Operating Expenses.....*	60,566,252 24	11,216,212 89	22.73
Net Revenue from Operations.....	\$25,759,523 06	D \$ 2,537,108 04	8.97
Railway Tax Accruals.....	10,621,836 89	1,552,060 86	17.11
Railway Operating Income.....	\$15,137,686 17	D \$ 4,089,168 90	21.27
Equipment and Joint Facility Rents — Net Dr....	3,260,327 83	D 144,739 63	4.25
Net Railway Operating Income.....	\$11,877,358 34	D \$ 3,944,429 27	24.93
Other Income.....	1,444,889 31	D 248,023 03	14.65
Total Income.....	\$13,322,247 65	D \$ 4,192,452 30	23.94
Deductions:			
Rental Payments.....	\$ 1,159,917 30	D \$ 1,704 80	.15
Interest on Debt — Fixed Interest.....	3,045,571 58	D 121,650 90	3.84
Interest on Unfunded Debt.....	13,341 84	D 423,040 03	96.94
Other Deductions.....	205,402 53	14,943 61	7.85
Total Deductions.....	\$ 4,424,233 25	D \$ 531,452 12	10.72
Income After Fixed Charges (Available Net Income)	\$ 8,898,014 40	D \$ 3,661,000 18	29.15

D Indicates decrease.

Income after Fixed Charges (Available Net Income) has been allocated in accordance with Mortgage Indentures to the following purposes:

Sinking Fund for redemption of Series RR Bonds.....	\$ 679,102 00
Interest on Income Bonds Series A:	
Accrued for period, Jan. 1 to Dec. 31, 1943 at 4½%.....	1,755,942 57
Sinking Fund for redemption of Series A Bonds.....	482,870 00
Purchase or payment of mortgage bonds.....	1,993,366 61
Increase the Capital Fund.....	1,310,821 79
Purchase or payment of funded debt or for expenditures for property or investments as may later be determined by the Board of Directors.....	2,675,911 43
Total.....	\$8,898,014 40

* Includes estimate of \$2,550,000.00 for 1943 retroactive wage increases under December 1943 and January 1944 Wage Agreements.

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1943, including fully-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,113 shares, of a par value of \$104,611,300.

CHANGES IN LONG-TERM DEBT

Long-Term Debt on December 31, 1943 amounted to \$113,544,899.62, a decrease of \$11,083,722.67 since December 31, 1942. Of the total Long-Term Debt, \$2,168,500. is owned by the Railroad, leaving a balance of \$111,376,399.62 outstanding in the hands of the public.

DECREASE IN LONG-TERM DEBT:

Funded Debt Reacquired and Cancelled:

Series RR 1st Mtge. 4% Bonds due 7/1/60	\$1,518,800 00	
Series A Income Mtge. 4½% Bonds due 7/1/70	9,284,000 00	\$10,802,800 00

Matured Funded Debt Paid Off:

Series Y Gen. Mtge. 5% Bonds paid 1/1/43	\$ 48,000 00	
Series Z " " 5% " " 5/1/43	62,000 00	
Gen. Mtge. Connecticut River Railroad 4% Bonds paid 9/1/43	6,000 00	116,000 00

Equipment Trust Certificates:

No. 4 — 4½% Trust Cert. paid 4/1/43	\$ 125,000 00	
No. 5 — 5 % " " " 5/1/43	114,000 00	
No. 6 — 4 % " " " 6/1/43 & 12/1/43	176,000 00	
No. 7 — 3½% " " " 12/1/43	300,000 00	715,000 00

\$11,633,800 00

INCREASE IN LONG-TERM DEBT

Lease and Purchase Agreements-Equipment	550,077 33
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<i>Net Decrease</i>	<u>\$11,083,722 67</u>
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Of the above Net Decrease, funded debt retired which applies against the \$25,000,000 debt retirement provision of Article 7-A, Section 2, Paragraph 6, of the Mortgage Indenture amounts to

\$10,875,600 00

Retired under this provision in prior years

5,078,800 00

Total to December 31, 1943

\$15,954,400 00

The company acquired by purchase during the year, with the approval and authorization of the Interstate Commerce Commission, 3,802 additional shares of the capital stock of the Nashua and Lowell Railroad at a price of \$110 a share, in accordance with an offer of purchase communicated to all of its stockholders. With this additional stock, the company now owns 7,551 shares of the total of 8,000 outstanding. The acquisition of title to the physical properties and franchises of the Nashua and Lowell in the near future is contemplated, in furtherance of a program of reducing contract obligations and fixed charges through the termination of leases and the direct ownership of leased lines.

FREIGHT TRAFFIC

Freight revenue for the year amounted to \$59,694,792., the highest in the history of the company, and reflected an increase of 7.1% over 1942 and 25% over 1941.

Revenue ton miles for the year 1943 totalled 4,811,142,000, a new record for the Company, as against the 1942 figure of 4,304,235,000, an increase of 506,907,000, equivalent to 11.8%.

Average revenue per net ton mile for the year 1943 was 1.241¢, the lowest since the year 1918. The 1943 figure represents a decrease of 4.2% compared with 1942.

The heavy movement of freight to Navy Yards, air bases, Army camps, arsenals and shipyards continued throughout the past year. The increase in government traffic and in the petroleum traffic accounted for the greater part of our additional freight revenue. The unusually large crop of Aroostook County potatoes resulted in a greater tonnage of this commodity over our line during the last quarter of the year and we expect this heavy movement will continue at least during the first quarter of 1944. Offsetting influences were felt in the reduced movement of coal, construction material and a further decline in consumer goods, as well as the reduction in rates hereafter mentioned.

The movement of petroleum and petroleum products handled in all-rail service, practically all of which flowed through Rotterdam Junction and Mechanicville, N. Y., amounted to 131,926 cars, an increase of approximately 75% as compared with the preceding year. On the other hand, the unrest in labor at the mines, with its consequent reduction in production, resulted in a decrease in our anthracite and bituminous traffic for the first time in several years. The anthracite figures show a decline of 10.3% and the bituminous a decline of 16.6%, in the number of cars handled in all-rail service. Part of the bituminous decrease is attributable to the return of some bituminous coal, produced in the southern West Virginia region, to the normal rail-water service to Boston and other New England ports, particularly during the latter half of the year. Measured in actual tons handled, the percentages of decrease would not be so great because of an increase in the average load per car.

As of May 15, 1943 the increases in freight rates which became effective March 18, 1942 were suspended until January 1, 1944 by the Interstate Commerce Commission. On October 29, 1943 the carriers of the nation, because of uncertainties as to volume of traffic and operating costs in the immediate future, consented to the entry by the Commission of an Order further suspending the increases until July 1, 1944.

PASSENGER TRAFFIC

Our passenger revenue for the year amounted to \$19,015,882.72, an increase of 27% over 1942 and the highest since 1926. The significance of the increased importance of passenger revenue to our total operating revenue is shown in the following ratio figures:

1941.....	13.8%
1942.....	19.2%
1943.....	22.0%

The increase in volume of passenger traffic handled, as reflected in the number of passengers carried one mile, is shown in the following comparison:

	<i>Passengers Carried One Mile</i>	<i>Increase Over 1941</i>	<i>%</i>
1941.....	460,365,479		
1942.....	749,785,624	289,420,145	62.9%
1943.....	951,408,499	491,043,020	106.7%

While in February 1942, the level of passenger fares, except furlough fares, was generally raised 10%, the principal reasons for the upward trend in our passenger revenue are found in the continuing movement of the armed forces, gasoline rationing, tire conservation, industrial activity, and the effect of the war itself on transportation demands. On September 1, 1943, the pleasure ban on use of private automobiles was partially relaxed, with a consequent slight falling off in our passenger traffic. It follows that any further modification in the gasoline allotments or tire restrictions for pleasure cars will result in some shrinkage in passenger revenues, but the indications for the immediate future are that the demand for rail transportation will be substantial.

In December, 1942, the Office of Price Administration, the Department of Agriculture, and other agencies, petitioned the Interstate Commerce Commission to cancel the increase in passenger fares authorized in February, 1942. After hearings, the Commission concluded to make no change in the standard passenger fares, but at the same time revoked the increases in interstate commutation fares, effective May 15, 1943. This action was followed by the cancellation of the increase in commutation fares within Maine, New Hampshire, Vermont and Massachusetts (New York State commutation fares were not increased in 1942 and were not affected by the 1942 order of the Interstate Commerce Commission).

In keeping with the policy laid down by the Office of Defense Transportation to conserve power and equipment, seasonal passenger service was generally suspended. Some revisions in existing service were adopted for the purpose of making the maximum use of the trains operated.

Continuing our policy of informing the public of the need for changes, we have found a ready acceptance of our proposals, thus enabling us to do our part in furthering the war effort.

MILK TRAFFIC

Our revenue for the handling of milk traffic amounted to \$1,116,061., an increase of 14.7% over 1942.

This improvement is due to the increased requirements for fluid milk by the armed forces and war workers at the industrial plants in central and southern New England.

The increase of 3% in milk rates granted by the Interstate Commerce Commission on April 1, 1942, was revoked by the Commission on May 15, 1943.

EXPRESS TRAFFIC

Express revenue of \$1,430,438. (estimated) is an increase of 26.0% over 1942, chiefly due to the larger volume handled as a consequence of war activities.

OPERATING RESULTS

Volume of traffic as reflected by both gross and net ton miles reached a new peak. Again seven new all-time operating records were established in freight train operation. These comprised

Gross Tons for Each Train
Train Miles per Train Hour
Gross Ton Miles per Train Hour
Freight Car Miles per Day
Freight Car Load
Net Ton Miles per Car Day
Locomotive Miles per Day

The average of gross ton miles per train hour is the product of the average train load times the average train speed. The composite result, or train hour production, brought the figure to 33,858 in 1943 as compared with 33,274 for 1942.

Net Ton Miles per Car Day reflects three items of efficiency used to measure freight car performance, namely Average Car Load, Average Car Speed and the Average Proportion of Loaded Car Miles to Total Car Miles.

During the past year the gain in car speed and car load has been phenomenal and represents an important contribution toward the country-wide effort to bring about the greatest possible utilization of freight cars commensurate with the abnormal demands made upon railroads by the increased volume of freight traffic. The combined efficiency index of Net Ton Miles per Car Day takes into consideration every car that is on the line whether moving in trains or in terminals during the process of loading, unloading or being switched, as well as those held out of service for repairs. The new high record of 1,055 compares with 921 in 1942, and it is also about double the average performance in the years up to and including 1939. Close coöperation with shippers and consignees to not only load cars more heavily but also to load and unload them at industrial plants more expeditiously has resulted in speeding the movement of cars into, through and out of yards. There is little question but that this increased performance coupled with similar activities by all other railroads has been one of the outstanding reasons that railroads have been able to carry the excessive burden during the present emergency.

For the first time in many years the Pounds of Coal per 1,000 G.T.M. shows an increase over a previous year. The consumption of 100 pounds in 1943 is six pounds greater than corresponding figure for 1942. The reason for the higher performance in the current year may be charged almost entirely to the inferior grade of fuel used during a substantial part of the year.

The increased volume of traffic both freight and passenger calls for a greater demand upon all road locomotives.

During 1943 the average freight locomotive operated 104.4 miles per day as compared with 99.9 miles in 1942 and passenger locomotives in 1943 averaged 114.7 miles per day as compared with 112.3 miles in 1942. The greater strain to increase the utilization of available power had very little effect in the percentage

of serviceable locomotives, the averages being very close to those of the previous year.

During the month of October the first 5,400 H.P. Diesel freight locomotive was received and placed in operation. Subsequently two more such units were received so that by the end of the year the three units were making a round trip between Boston and Mechanicville every day. The first study of their operations is promising so that a further gain in freight train efficiency should be reportable for the first full year of service.

The Operating Expenses for Maintenance of Way and Structures reflect increased expenditures for the maintenance of roadway, track and structures to meet the demands of increased traffic and the corresponding increase in wear and tear of property.

The manpower situation and the acute labor shortage involved, together with the limited availability of materials which restricted renewal and betterment programs and increased the requirement for repairs to the property, presented unusual difficulties. Higher costs resulted due to the inexperience and inefficiency of labor, increase in turnover and for extensive overtime service at punitive rates which included lengthening the work day from eight to nine and ten hours and for seven-day work schedules.

The accounts also include a charge for depreciation of road property amounting to \$1,427,496.26 that first became mandatory in 1943 in accordance with changes in the Accounting Rules and Classifications as prescribed by the Interstate Commerce Commission. The continuance of an extensive program of retirement of unnecessary and unused buildings and structures is also reflected in the accounts.

This year for the first time the Maintenance of Equipment accounts includes a charge for depreciation of shop and power house machinery amounting to \$93,228.

During the year 240 locomotives were given classified repairs, 790 freight cars heavy repairs, and 384 passenger train cars given general overhaul.

ROLLING STOCK

During the year three 5,400 H.P. road Diesels and four Pacific type steam locomotives were acquired and put in service.

To supplement our owned locomotives we leased others which, during the year, operated a total of 205,413 miles.

There are on order, with a promise of delivery in 1944, nine more 5,400 H.P. Diesels, and six additional Diesel switchers.

On December 31, 1943 we owned a total of

440 Steam locomotives
9 Electric locomotives
33 Diesel locomotives

Revenue freight car ownership on December 31, 1943, was 6,665, of all types.

During the year 20 passenger coaches were acquired from another road so that on December 31st we owned 1,143 passenger cars and 13 motor rail cars.

RETIREMENTS

Reference was made in the last annual report to the adoption of a program for the retirement of unnecessary buildings. That program was continued and a total of 103 structures were retired.

In continuation of its policy of effecting operating economies by giving up branch tracks and station facilities which are not needed, 4.19 miles of the Marlboro Branch of the Fitchburg Division and 1.45 miles of the Suncook Loop of the New Hampshire Division were abandoned by authorization of the Interstate Commerce Commission.

19 stations have been discontinued.

ADDITIONS AND BETTERMENTS

61 single track miles of new 112-lb. rail were laid in main lines of Portland, New Hampshire and Fitchburg Divisions.

Many track changes have been made to provide better and more efficient operating conditions. Included in this work was the relocation about 100 ft. from the old right-of-way of 2,900 ft. of main line double track just north of Northampton, Mass., where the Connecticut River has eroded its bank adjacent to our tracks resulting in serious landslides.

A total of 21.9 single track miles of stone ballast was placed on main line of the New Hampshire Division and Stony Brook Branch. 12.4 single track miles of gravel ballast was installed on the New Hampshire Division north of White River Junction.

2,850 tons of riprap were placed for track protection on the New Hampshire Division.

A large number of switch heaters were put in to aid in keeping switches clear and facilitate operation during snowstorm periods. The current manpower shortage makes the use of such devices especially valuable.

In conformity with recent practice a detector car was operated over 1,406 miles of track for the purpose of revealing hidden internal defects in rail.

4 track bridges and 6 culverts were rebuilt and 1 bridge and 1 culvert reinforced. 2 track bridges were retired and filled through purchase of rights therein.

2 overhead bridges were rebuilt and a new footbridge was built over the tracks at Somersworth, N. H., for the United States Government.

Unusually extensive maintenance renewal work was done upon 2 drawbridges over the Mystic River and upon a similar bridge over the Saugus River.

Many changes and improvements have been made in signal installations including substitution of approach lighted color light signals between Worcester and Ayer, Mass., and between Lowell Junction and Lawrence, Mass.

27,900 cu. yds. of fill was placed in the trestle area in Boston Terminal continuing the program in effect for several years.

Improvements have been made in shop and terminal facilities at many points including better water, heating, locker and toilet facilities for use of employees.

A program was adopted to provide for painting station and other buildings on the railroad and work on 105 structures was completed.

2 grade crossings were eliminated by closing the highways and 6 additional crossings were discontinued through abandonment of line.

MATERIALS AND SUPPLIES

Because of labor troubles at the mines during 1943, it was impossible to obtain sufficient coal of the quality to which we have been accustomed. We were obliged to buy inferior coal which caused some difficulties in steam locomotive operation.

The shortage of coal supply resulted in reducing our total stock of locomotive coal as of January 1, 1943 from 106,000 net tons down to 71,000 net tons on January 1, 1944.

Purchases of locomotive coal in 1943 amounted to 1,040,615 net tons at an average delivered price of \$5.28 per net ton, as against 951,994 net tons purchased in 1942 at an average price of \$4.89 per net ton.

Fuel oil purchased for Diesel locomotives in 1943 was 1,332,000 gallons at an average price of 7.39¢ per gallon, as against 932,000 gallons at an average price of 6.66¢ per gallon in 1942.

Because of the abnormal demand for materials, including lumber, steel, copper, etc., for direct war use, the War Production Board set up rules, regulations and limitations and made it difficult to obtain all of the materials we required. With very few exceptions, however, we did obtain all necessary material for maintenance, but were denied certain materials for betterment work.

The procurement of lumber and ties has been one of our most serious problems this year. Because of the shortage of labor and the abnormal demand for forest products by the Government, we were forced to depend largely upon our inventory during the calendar year 1943. The prospects for 1944 are not good.

There have been increases of as much as 20% in average unit prices above 1942 due to changes in purchasing practices and markets and substitutions because of war conditions.

TAXES

Federal, State and Local Taxes paid or to be paid by the Boston and Maine Railroad chargeable against 1943 Income amount to \$10,642,060., compared with \$9,094,752. for the year 1942. These taxes compare with previous years as follows:

	1938	1939	1940	1941	1942	1943
Federal.....	\$ 87,003	\$ 94,016	\$ 137,050	\$ 1,260,116	\$ 4,296,570	\$ 5,772,162
State.....	936,811	740,579	698,580	781,503	1,217,991	932,097
Social Security *—Railroad Retirement and Unemployment.....	1,242,115	1,241,572	1,405,894	1,628,067	1,974,632	2,387,899
Property.....	1,549,883	1,548,387	1,555,417	1,562,377	1,589,587	1,535,589
Miscellaneous.....	9,308	8,415	9,584	7,145	15,972	14,313
	\$3,825,120	\$3,632,969	\$3,806,525	\$5,239,208	\$9,094,752	\$10,642,060

* NOTE: Taxes under the Social Security Act were assessed by individual states prior to June 30, 1939. Effective July 1, 1939, assessment of these taxes was placed in the jurisdiction of the Railroad Retirement Board.

The following table shows corporate taxes on a per share of stock and per employee basis:

<i>Year</i>	<i>Per Share</i>	<i>Per Employee</i>
1938.....	\$ 3 66	\$316 49
1939.....	3 47	300 42
1940.....	3 64	319 07
1941.....	5 01	396 34
1942.....	8 69	623 53
1943.....	10 17	714 52

Railroad Retirement and Unemployment Insurance Taxes paid the Federal Government by the Railroad in respect to 1943 payrolls averaged \$160.33 per employee.

Acting as a collection agency for the Federal Government the Railroad withheld from employees or collected from others, including withholding taxes, victory taxes, transportation taxes on persons and on property and employees' proportion of railroad retirement taxes, a total of \$7,071,824.32.

WAGE INCREASES

On September 25, 1942, all railroads received requests from their labor organizations representing the Non-Operating employees for a 20¢ an hour increase in pay and minimum rate of 70¢ an hour.

On January 25, 1943, the engine and train service (Operating) employees on all the railroads served notice for a 30¢ increase in basic hourly wage rates, with a minimum increase of \$3.00 a day.

As we were unable to reach any settlement with our employees, we authorized a committee representing all the railroads to negotiate with representatives of the employees for a settlement to be applicable to all principal railroads on a National basis. This committee was unable to reach an agreement.

The National Mediation Board then took jurisdiction of the case, and they, too, were unable to bring about a settlement.

The two cases were then heard by Emergency Boards appointed by the President of the United States to hear the evidence and make a recommendation to him.

On May 24, 1943, the Board handling the Non-Operating case recommended to the President that the wages of the employees represented by this group be increased 8¢ an hour, effective February 1, 1943, and on September 25, 1943, the Fact Finding Board handling the Operating employees' case recommended a 4¢ an hour increase to all employees represented by the Train and Engine Service organizations, effective April 1, 1943.

These recommendations required, under the Stabilization Act, the approval of the Stabilization Director. On June 22, 1943, he disapproved the recommendations of the Board for an 8¢ an hour increase to the Non-Operating employees, stating that this amount of increase was not justified under the provisions of the Stabilization Act. On October 16, 1943, he stated he would not disapprove the 4¢ an hour increase recommended by the Board for the Operating employees.

In disapproving the 8¢ award, the Stabilization Director made certain recommendations as to what might properly be done to increase the wages of the Non-Operating employees, and suggested that the Fact Finding Board reconvene to give further consideration to the case. This the Board refused to do.

Early in August, the Committee representing the employees and railroads again met to see if they could reach a settlement to come within the recommendations made by the Stabilization Director. As a result of these conferences, on August 7th an agreement was reached providing for an 8¢ an hour increase to all Non-Operating employees effective as of February 1, 1943. The Managements agreed to this amount on the basis that it would give the lower paid employees an increase, and at the same time maintain the differentials between the various classes of employees and also reimburse all the employees for payment of time and a half after 40 hours, which is paid to employees in other industries but not paid by the railroads. This agreement was subject to Government approval also, but never received approval.

On October 16, 1943, the President appointed a special emergency board consisting of three members to review the Non-Operating case and make a recommendation to him as to what disposition should be made of the request for increases in wages. This Board recommended a sliding scale of increases varying from 10¢ to 4¢ per hour. This was approved by the Stabilization Director but rejected by the employees.

The Non-Operating employees then endeavored to have Congress pass a bill directing the Stabilization Director to approve the 8¢ an hour increase which was agreed upon on August 7th between committees representing the employees and managements. This Bill passed the Senate but never came up for final action in the House.

In the meantime, the Operating employees refused to accept the 4¢ an hour increase as final adjustment of their dispute and declared a strike, effective December 30, 1943.

The Non-Operating employees also instructed the men they represented to strike, effective the same date.

Both groups of employees in the meantime injected into the dispute additional demands. The Operating employees demanded, in addition to a wage increase, time and a half for any work performed over 40 hours a week, expenses away from home and vacation with pay. The Non-Operating employees, in addition to their wage demands, requested time and a half for all time worked in excess of 40 hours a week.

Several days before the effective date of the strike, the President of the United States conferred with representatives of the Operating employees and the railroads, which resulted in the representatives of the Brotherhood of Locomotive Engineers, Brotherhood of Railroad Trainmen and the Committee representing the railroads agreeing to let the President act as arbitrator and decide the issue. The committee representing the Firemen, Conductors and the 15 Non-Operating organizations refused the President's offer to act as arbitrator.

On December 27th the President rendered his decision for the Engineers

and Trainmen, which granted them 4¢ an hour wage increase, effective April 1, 1943, as was previously recommended by the Fact Finding Board and, in addition, 5¢ an hour in lieu of time and a half, and expenses away from home, which increase was to be effective December 27th, and also granted them a week's vacation with pay.

On the same date, due to the strike that was called for December 30th by all the other labor organizations, the President, by proclamation, seized the railroads and placed them under the jurisdiction of the Army.

On January 14, 1944, the committee representing the Firemen, Conductors and Switchmen signed an agreement with the Carriers' Committee which granted the same increases in pay, allowance for overtime and vacations as had been granted by the President of the United States to the Engineers and Trainmen.

On January 4, 1944, the President appointed a special emergency board to reconsider the Non-Operating employees' case, and while hearings were being held before this special emergency board, the employees and management reached an agreement for increases in pay to Non-Operating employees, with graduated increases from 10¢ to 4¢ an hour, effective February 1, 1943, and an additional allowance, effective December 27, 1943, of from 1¢ to 5¢ an hour in lieu of time and a half after 40 hours, which agreement was approved by the Stabilization Director.

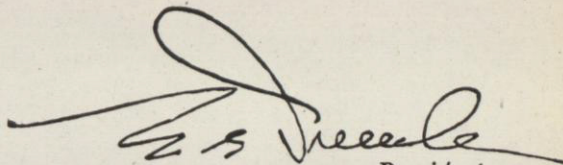
GOVERNMENT OPERATION AND CONTROL

As of seven o'clock P.M. on December 27, 1943, the United States, by Executive Order of the President, took possession and control of the railroads of the country. This action was brought about by the threatened strike on December 30th of organized railroad labor. The President delegated control to the Secretary of War who, in turn, placed immediate responsibility and control in jurisdiction of the Army.

The railroads continued under the active management of their own organizations and at midnight of January 18, 1944, they were returned to their owners.

As of December 31, 1943, 2990 employees of the Company had been furloughed since the entry of United States into the World War, to enable them to serve our country actively. Of those employees we have been advised that 19 have given up their lives in pursuance of their duty.

The Board of Directors expresses its appreciation to our company's customers for their continued cooperation, and to our officers and employees for their loyalty and accomplishments during the year.



President

February 29, 1944.

CONDENSED GENERAL BALANCE SHEET—Assets

ROAD AND EQUIPMENT	Dec. 31, 1943		Dec. 31, 1942	
Investment in Road	\$174,007,858	58	\$174,627,063	81
Investment in Equipment	53,652,950	53	51,670,574	59
<i>Total</i>	\$227,660,809	11	\$226,297,638	40
Improvements on Leased Property	16,893,560	79	16,713,001	68
Donations and Grants	C 69,352	26	C 67,275	09
Sinking Fund	1,556	95	624	00
Deposits in Lieu of Mortgaged Property Sold	816,871	10	921,849	89
Miscellaneous Physical Property	653,645	20	1,349,711	29
Investments in Affiliated Companies	6,437,652	70	6,148,000	62
Other Investments	3,223,814	12	1,830,095	00
<i>Total Investments</i>	\$255,618,557	71	\$253,193,645	79
CURRENT ASSETS				
Cash	\$ 12,610,775	08	\$ 10,638,101	44
Cash in Transit — Agents' Remittances	609,516	37	681,718	87
Temporary Cash Investments	4,133,000	00	4,040,000	00
Special Deposits	2,420,656	14	804,133	82
Loans and Bills Receivable	—		208	00
Net Balance Receivable from Agents and Conductors	2,257,263	31	2,168,889	44
Miscellaneous Accounts Receivable	6,773,799	48	5,580,273	52
Material and Supplies	4,728,956	17	4,435,422	94
Interest and Dividends Receivable	309,937	05	87,741	19
Rents Receivable	113,000	00	113,000	00
Other Current Assets	23,545	43	10,273	58
<i>Total Current Assets</i>	\$ 33,980,449	03	\$ 28,559,762	80
DEFERRED ASSETS				
Working Fund Advances	\$ 11,502	61	\$ 11,532	61
Insurance and Other Funds	807,571	88	765,270	13
Other Deferred Assets	1,645,249	27	1,713,472	67
<i>Total Deferred Assets</i>	\$ 2,464,323	76	\$ 2,490,275	41
UNADJUSTED DEBITS				
Insurance Premiums Paid in Advance	\$ 77,720	28	\$ 93,186	51
Discount on Funded Debt	643,798	52	725,091	28
Other Unadjusted Debits	1,110,664	26	1,434,784	51
Securities Issued or Assumed — Unpledged	1,370,900	00	2,581,900	00
Securities Issued or Assumed — Pledged	396,000	00	—	
<i>Total Unadjusted Debits</i>	\$ 3,599,083	06	\$ 4,834,962	30
<i>Grand Total</i>	\$295,662,413	56	\$289,078,646	30

C Indicates Credit Balance.

CONDENSED GENERAL BALANCE SHEET — Liabilities

CAPITAL STOCK	Dec. 31, 1943	Dec. 31, 1942
Common Stock — 395,051 Shares.....	\$ 39,505,100 00	\$ 39,505,100 00
Preferred Stock — 31,498 Shares.....	3,149,800 00	3,149,800 00
First Preferred Stock — 388,179 Shares.....	38,817,900 00	38,817,900 00
Prior Preference Stock (Includes Negotiable Receipts).....	23,138,500 00	23,138,500 00
<i>Total Capital Stock</i>	<i>\$104,611,300 00</i>	<i>\$104,611,300 00</i>
Premiums on Capital Stock.....	4,227,040 14	4,227,040 14
<i>Total Capital Stock and Premiums</i>	<i>\$108,838,340 14</i>	<i>\$108,838,340 14</i>
Stock Liability for Conversion.....	\$ 1,400 00	\$ 1,400 00
LONG-TERM DEBT		
Funded Debt Unmatured.....	\$107,112,400 00	\$118,031,200 00
Equipment Trust Certificates.....	1,428,000 00	2,143,000 00
Lease and Purchase Agreements — Equipment.....	5,004,499 62	4,454,422 29
<i>Total Long-Term Debt</i>	<i>\$113,544,899 62</i>	<i>\$124,628,622 29</i>
CURRENT LIABILITIES		
Traffic and Car Service Balances — Net Payable.....	(A) \$6,426,525 98	\$ 6,033,050 90
Audited Accounts and Wages Payable.....	(B) 5,564,836 97	2,792,340 64
Miscellaneous Accounts Payable.....	579,060 58	527,260 98
Interest Matured Unpaid.....	1,494,569 01	1,533,533 46
Dividends Matured Unpaid.....	12,858 81	12,858 81
Unmatured Interest Accrued.....	1,709,303 44	2,074,441 03
Unmatured Rents Accrued.....	256,588 91	256,518 91
Accrued Tax Liability.....	8,418,075 32	5,959,218 09
Other Current Liabilities.....	36,852 18	65,801 87
<i>Total Current Liabilities</i>	<i>\$ 24,498,671 20</i>	<i>\$ 19,255,024 69</i>
DEFERRED LIABILITIES		
Due to Leased Roads at Expiration of Leases.....	\$ 209,988 70	\$ 209,988 70
New York State E.G.C. Projects.....	375,772 32	384,230 21
Other Deferred Liabilities.....	20,330 36	23,129 70
<i>Total Deferred Liabilities</i>	<i>\$ 606,091 38</i>	<i>\$ 617,348 61</i>
UNADJUSTED CREDITS		
Insurance and Casualty Reserves.....	\$ 50,000 00	\$ 50,000 00
Accrued Depreciation — Road.....	273,066 30	165,838 81
Accrued Depreciation — Equipment.....	21,260,810 34	20,032,839 64
Amortization of Defense Projects.....	1,393,591 00	622,175 07
Accrued Depreciation — Miscellaneous Physical Property.....	—	653,237 06
Other Unadjusted Credits.....	1,075,385 40	1,750,203 02
<i>Total Unadjusted Credits</i>	<i>\$ 24,052,853 04</i>	<i>\$ 23,274,293 60</i>
SURPLUS		
Additions to Property through Income since June 30, 1907....	\$ 8,438,188 65	\$ 7,127,366 86
Funded Debt Retired through Income and Surplus.....	19,802,400 00	8,926,800 00
Sinking Fund Reserves.....	1,163,528 95	582,955 52
Miscellaneous Fund Reserves.....	840,451 72	759,641 97
Appropriated Surplus — not Specifically Invested.....	4,669,278 04	5,433,437 73
Appropriated Surplus — Capital Fund.....	2,500,000 00	2,500,000 00
Appropriated Surplus — Purchase of Leased Line Stock.....	416,837 00	—
<i>Total Appropriated Surplus</i>	<i>\$ 37,830,684 36</i>	<i>\$ 25,330,202 08</i>
Unearned Surplus.....	598,088 04	598,088 04
Earned Surplus (c).....	D 14,308,614 22	D 13,464,673 15
<i>Total Surplus</i>	<i>\$ 24,120,158 18</i>	<i>\$ 12,463,616 97</i>
<i>Grand Total</i>	<i>\$295,662,413 56</i>	<i>\$289,078,646 30</i>

BONDS GUARANTEED

The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944.....	\$1,328,000 00
Concord & Claremont, N. H. R.R. First Mortgage 5% Bonds, due January 1, 1944.....	500,000 00
The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1951, owned by Boston and Maine Railroad.....	80,000 00
	<i>\$1,908,000 00</i>

(A) Includes estimated net balance of \$2,870,089.33 due Other Railroads account of Delayed Ticket Reports.

(B) Includes estimate of \$2,550,000.00 for 1943 retroactive wage increases under December 1943 and January 1944 Wage Agreements.

(C) Includes Surplus earned by Lessor Companies before Consolidation.

D Indicates Debit Balance.

INCOME ACCOUNT

	Year Ended Dec. 31, 1943	Increase or Decrease	Per cent
TRANSPORTATION REVENUE			
Freight.....	\$59,694,792 00	\$ 3,958,159 40	7.10
Passenger.....	19,015,882 72	4,048,478 49	27.05
Excess Baggage.....	12,439 37	D 5,275 16	29.78
Parlor and Chair Car.....	39,900 41	9,153 42	29.77
Mail.....	1,404,049 68	D 1,785 25	.13
Express.....	1,429,774 77	294,729 22	25.97
Other Passenger-Train.....	253,229 67	D 17,119 20	6.33
Milk.....	1,116,060 68	143,155 90	14.71
Switching.....	607,340 78	D 64,405 35	9.59
<i>Total Transportation Revenue.....</i>	<i>\$83,573,470 08</i>	<i>\$ 8,365,091 47</i>	<i>11.12</i>
INCIDENTAL REVENUE			
Dining and Buffet.....	\$ 253,005 09	\$ 41,291 29	19.50
Station and Train Privileges.....	139,803 07	19,927 94	16.62
Parcel Room.....	50,434 90	17,700 45	54.07
Storage — Freight.....	88,012 21	D 3,285 06	3.60
Storage — Baggage.....	5,791 19	1,400 67	31.90
Demurrage.....	282,873 11	50,427 06	21.69
Telegraph and Telephone.....	30,901 80	5,877 19	23.49
Grain Elevators.....	45,791 55	D 20,057 58	30.46
Power.....	62,432 78	6,936 35	12.50
Rents of Buildings and Other Property.....	918,024 71	54,455 99	6.31
Miscellaneous.....	623,058 18	108,672 48	21.13
<i>Total Incidental Revenue.....</i>	<i>\$ 2,500,128 59</i>	<i>\$ 283,346 78</i>	<i>12.78</i>
Joint Facility — Cr.....	\$ 259,845 94	\$ 34,130 24	15.12
Joint Facility — Dr.....	7,669 31	3,463 64	82.36
<i>Total Joint Facility Operating Revenue.....</i>	<i>\$ 252,176 63</i>	<i>\$ 30,666 60</i>	<i>13.84</i>
<i>Total Operating Revenues.....</i>	<i>\$86,325,775 30</i>	<i>\$ 8,679,104 85</i>	<i>11.18</i>
OPERATING EXPENSES			
Maintenance of Way and Structures.....	\$12,828,170 08	\$ 3,650,095 03	39.77
Maintenance of Equipment.....	13,428,913 84	2,374,222 90	21.48
Traffic.....	968,317 81	107,940 06	12.55
Transportation.....	30,639,576 11	4,747,787 48	18.34
Miscellaneous Operations.....	293,457 99	51,546 78	21.31
General.....	2,407,816 41	284,620 64	13.41
<i>Total Operating Expenses.....</i>	<i>\$60,566,252 24</i>	<i>\$11,216,212 89</i>	<i>22.73</i>
<i>Operating Ratio.....</i>	<i>(70.16%)</i>	<i>(6.60%)</i>	
<i>Net Operating Revenue.....</i>	<i>\$25,759,523 06</i>	<i>D \$ 2,537,108 04</i>	<i>8.97</i>
TAX ACCRUALS.....			
	\$10,621,836 89	\$ 1,552,060 86	17.11
<i>Operating Income.....</i>	<i>\$15,137,686 17</i>	<i>D \$ 4,089,168 90</i>	<i>21.27</i>
Rent from Locomotives.....	\$ 10,713 92	D \$ 15,181 71	58.63
Rent from Passenger-Train Cars.....	1,080,053 75	476,988 69	79.09
Rent from Work Equipment.....	15,469 03	2,006 39	14.90
Joint Facility Rent Income.....	336,405 12	5,930 06	1.79
<i>Total Rent Income.....</i>	<i>\$ 1,442,641 82</i>	<i>\$ 469,743 43</i>	<i>48.28</i>

D Indicates decrease.

INCOME ACCOUNT — *Concluded*

	Year Ended Dec. 31, 1943	Increase or Decrease	Per Cent
Hire of Freight Cars — Debit Balance.....	\$ 3,412,917 54	\$ 287,225 66	9.19
Rent for Locomotives.....	98,071 41	44,330 43	82.49
Rent for Passenger-Train Cars.....	560,929 19	D 81,328 99	12.66
Rent for Work Equipment.....	17,398 44	137 02	.79
Joint Facility Rents.....	613,653 07	74,639 68	13.85
<i>Total Rents Payable.....</i>	<i>\$ 4,702,969 65</i>	<i>\$ 325,003 80</i>	<i>7.42</i>
<i>Net Rents Payable.....</i>	<i>\$ 3,260,327 83</i>	<i>D \$ 144,739 63</i>	<i>4.25</i>
<i>Net Railway Operating Income.....</i>	<i>\$11,877,358 34</i>	<i>D \$ 3,944,429 27</i>	<i>24.93</i>
OTHER INCOME			
Income from Lease of Road and Equipment....	\$ 318,157 66	D \$ 387 38	.12
Miscellaneous Rent Income.....	253,698 95	D 117,112 45	31.58
Miscellaneous Nonoperating Physical Property..	75,308 75	D 72,532 55	49.06
Separately Operated Properties — Profit.....	—	D 295,855 64	100.00
Dividend Income.....	119,709 99	D 50,716 74	29.76
Income from Funded Securities.....	369,145 91	69,612 03	23.24
Income from Unfunded Securities and Accounts..	36,891 70	28,657 20	348.01
Income from Sinking and Other Reserve Funds..	45,637 57	10,895 17	31.36
Release of Premiums on Funded Debt.....	592 52	D 326 16	35.50
Miscellaneous Income.....	48,986 26	2,983 49	6.49
Delayed Income Credits.....	176,760 00	176,760 00	—
<i>Total Other Income.....</i>	<i>\$ 1,444,889 31</i>	<i>D \$ 248,023 03</i>	<i>14.65</i>
<i>Total Income.....</i>	<i>\$13,322,247 65</i>	<i>D \$ 4,192,452 30</i>	<i>23.94</i>
MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous Rents.....	\$ 9,200 50	D \$ 2,635 80	22.27
Miscellaneous Tax Accruals.....	20,222 62	D 4,753 64	19.03
Miscellaneous Income Charges.....	59,746 81	7,496 67	14.35
Income Applied to Sinking and Other Reserve Funds.....	80,809 75	4,621 61	6.07
<i>Total Miscellaneous Deductions.....</i>	<i>\$ 169,979 68</i>	<i>\$ 4,728 84</i>	<i>2.86</i>
<i>Income Available for Fixed Charges.....</i>	<i>\$13,152,267 97</i>	<i>D \$ 4,197,181* 14</i>	<i>24.19</i>
FIXED CHARGES			
Rent for Leased Roads.....	\$ 1,150,716 80	\$ 931 00	.08
Interest on Funded Debt — Fixed Interest.....	3,045,571 58	9,214 17	.30
Interest on Unfunded Debt.....	13,341 84	D 553,905 10	97.65
Amortization of Discount on Funded Debt.....	44,623 35	7,578 97	20.46
<i>Total Fixed Charges.....</i>	<i>\$ 4,254,253 57</i>	<i>D \$ 536,180 96</i>	<i>11.19</i>
<i>Income After Fixed Charges.....</i>	<i>\$ 8,898,014 40</i>	<i>D \$ 3,661,000 18</i>	<i>29.15</i>
CONTINGENT CHARGES			
Interest on Funded Debt — Contingent Interest..	\$ 1,755,942 57	D \$ 305,501 38	14.82
<i>Net Income.....</i>	<i>\$ 7,142,071 83</i>	<i>D \$ 3,355,498 80</i>	<i>31.96</i>
DISPOSITION OF NET INCOME			
Income Applied to Sinking and Other Reserve Funds.....	\$ 1,161,972 00	—	
Income Appropriated for Investment in Physical Property.....	1,310,821 79	D \$ 2,591,339 11	
Miscellaneous Appropriations of Income.....	4,669,278 04	D 764,159 69	
<i>Total Appropriations of Income.....</i>	<i>\$ 7,142,071 83</i>	<i>D \$ 3,355,498 80</i>	

D Indicates decrease.

OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES	Year Ended Dec. 31, 1943	Increase or Decrease
Superintendence.....	\$ 568,892 52	\$ 54,134 38
Roadway Maintenance.....	878,867 73	124,242 50
Tunnels and Subways.....	36,851 85	13,131 78
Bridges, Trestles and Culverts.....	422,444 61	166,375 70
Ties.....	416,219 98	D 196,988 48
Rails.....	237,306 93	D 13,729 80
Other Track Material.....	676,582 33	124,907 28
Ballast.....	129,116 52	48,264 70
Track Laying and Surfacing.....	3,235,134 97	563,889 22
Fences, Snowsheds and Signs.....	31,763 77	D 9,229 00
Station and Office Buildings.....	919,301 37	177,997 16
Roadway Buildings.....	90,223 69	61,344 30
Water Stations.....	87,283 77	14,257 06
Fuel Stations.....	63,857 53	5,716 34
Shops and Enginehouses.....	462,613 02	100,828 88
Grain Elevators.....	20,119 09	D 7,253 75
Storage Warehouses.....	706 45	D 844 28
Wharves and Docks.....	47,585 52	9,922 94
Coal and Ore Wharves.....	53,388 81	D 51,816 25
Telegraph and Telephone Lines.....	62,796 38	15,471 61
Signals and Interlockers.....	797,366 15	54,906 84
Power Plants.....	5,493 24	1,391 73
Power-Transmission Systems.....	103,671 30	47,790 69
Miscellaneous Structures.....	5,032 43	415 83
Road Property—Depreciation.....	1,427,496 96	1,423,008 00
Retirements—Road.....	193,525 88	193,525 88
Roadway Machines.....	129,834 34	D 41,678 23
Dismantling Retired Road Property.....	231,429 89	231,429 89
Small Tools and Supplies.....	172,552 68	24,324 76
Removing Snow, Ice and Sand.....	699,237 87	364,362 77
Public Improvements—Maintenance.....	155,724 71	8,386 07
Injuries to Persons.....	86,971 13	24,741 42
Insurance.....	45,713 19	17,015 33
Stationery and Printing.....	11,165 84	3,085 99
Other Expenses.....	2,333 79	82 58
Maintaining Joint Tracks, Yards and Other Facilities—Dr.....	441,413 33	149,272 76
Maintaining Joint Tracks, Yards and Other Facilities—Cr.....	121,849 49	52,589 57
Total Maintenance of Way and Structures.....	\$12,828,170 08	\$ 3,650,095 03
Ratio to Total Operating Revenues.....	(14.86%)	(3.04%)
MAINTENANCE OF EQUIPMENT		
Superintendence.....	\$ 438,446 10	\$ 62,591 73
Shop Machinery.....	308,519 67	50,587 70
Power-Plant Machinery.....	77,540 10	D 1,903 63
Shop and Power-Plant Machinery—Depreciation.....	93,228 00	93,228 00
Dismantling Retired Shop and Power-Plant Machinery.....	562 13	562 13
Steam Locomotives—Repairs.....	5,987,098 73	1,303,183 69
Other Locomotives—Repairs.....	253,056 16	71,367 85
Freight-Train Cars—Repairs.....	1,605,342 24	321,040 06
Passenger-Train Cars—Repairs.....	1,902,597 99	216,956 76
Floating Equipment—Repairs.....	13 52	13 52
Work Equipment—Repairs.....	317,205 39	57,635 26
Miscellaneous Equipment—Repairs.....	19,973 76	8,912 87
Dismantling Retired Equipment.....	5,084 13	D 8,108 05
Equipment—Depreciation.....	1,402,586 75	5,388 04
Equipment—Amortization of Defense Projects.....	771,822 99	149,647 92
Injuries to Persons.....	63,884 04	15,211 12
Insurance.....	51,708 68	23,008 65
Stationery and Printing.....	7,910 03	D 1,245 81
Other Expenses.....	9,266 72	D 30,208 67
Maintaining Joint Equipment at Terminals—Dr.....	123,357 82	37,827 26
Maintaining Joint Equipment at Terminals—Cr.....	10,291 11	1,468 80
Total Maintenance of Equipment.....	\$13,428,913 84	\$ 2,374,222 90
Ratio to Total Operating Revenues.....	(15.56%)	(1.32%)

D Indicates decrease.

OPERATING EXPENSES — *Continued*

TRAFFIC	Year Ended Dec. 31, 1943	Increase or Decrease
Superintendence.....	\$ 388,677 39	\$ 48,469 39
Outside Agencies.....	283,980 04	2,958 19
Advertising.....	210,877 54	57,289 86
Traffic Associations.....	39,790 53	D 2,322 47
Industrial and Immigration Bureaus.....	13,244 95	94 69
Insurance.....	47 16	21 00
Stationery and Printing.....	31,698 96	1,448 16
Other Expenses.....	1 24	D 18 76
<i>Total Traffic.....</i>	<i>\$ 968,317 81</i>	<i>\$ 107,940 06</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(1.12%)</i>	<i>(.01%)</i>
TRANSPORTATION		
Superintendence.....	\$ 795,053 71	\$ 110,924 74
Dispatching Trains.....	255,839 16	24,578 27
Station Employees.....	4,475,391 72	545,034 24
Weighing, Inspection and Demurrage Bureaus.....	16,099 33	D 7,105 13
Coal and Ore Wharves.....	107,609 55	20,269 98
Station Supplies and Expenses.....	362,461 69	34,788 41
Yardmasters and Yard Clerks.....	783,645 93	117,980 62
Yard Conductors and Brakemen.....	1,717,269 44	283,524 24
Yard Switch and Signal Tenders.....	231,709 53	21,785 15
Yard Enginemen.....	712,976 85	117,527 38
Yard Motormen.....	348,905 19	58,505 73
Yard Switching Fuel.....	644,824 68	104,886 53
Water for Yard Locomotives.....	19,998 20	D 1,407 94
Lubricants for Yard Locomotives.....	20,985 39	687 39
Other Supplies for Yard Locomotives.....	14,092 67	1,779 45
Enginehouse Expenses—Yard.....	233,084 64	71,046 53
Yard Supplies and Expenses.....	68,301 36	5,253 59
Operating Joint Yards and Terminals— <i>Dr.</i>	1,885,819 47	241,286 30
Operating Joint Yards and Terminals— <i>Cr.</i>	312,245 44	6,507 87
Train Enginemen.....	2,939,378 64	354,312 59
Train Motormen.....	128,111 69	15,208 49
Train Fuel.....	5,369,261 02	965,837 45
Train Power Purchased.....	138,957 28	7,495 58
Water for Train Locomotives.....	172,440 64	14,244 30
Lubricants for Train Locomotives.....	137,702 17	23,014 02
Other Supplies for Train Locomotives.....	81,297 48	13,475 25
Enginehouse Expenses—Train.....	1,315,334 60	351,590 19
Trainmen.....	3,952,803 06	563,740 40
Train Supplies and Expenses.....	1,423,215 18	320,790 77
Signal and Interlocker Operation.....	571,544 19	82,265 20
Crossing Protection.....	922,272 25	79,144 43
Drawbridge Operation.....	29,793 97	2,145 93
Telegraph and Telephone Operation.....	46,845 25	109 77
Operating Floating Equipment.....	50 38	D 85 17
Stationery and Printing.....	138,011 44	D 1,020 07
Other Expenses.....	45,312 74	15,110 59
Operating Joint Tracks and Facilities— <i>Dr.</i>	30,327 73	134 78
Operating Joint Tracks and Facilities— <i>Cr.</i>	50,074 63	D 5,905 37
Insurance.....	8,966 15	1,005 98
Clearing Wrecks.....	50,442 14	9,958 53
Damage to Property.....	51,425 80	24,400 99
Damage to Live Stock on Right of Way.....	7,298 39	4,609 64
Loss and Damage—Freight.....	437,089 20	74,581 38
Loss and Damage—Baggage.....	6,207 29	3,313 61
Injuries to Persons.....	303,738 99	71,659 87
<i>Total Transportation.....</i>	<i>\$30,639,576 11</i>	<i>\$ 4,747,787 48</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(35.49%)</i>	<i>(2.14%)</i>

D Indicates decrease.

OPERATING EXPENSES — Concluded

MISCELLANEOUS OPERATIONS	Year Ended Dec. 31, 1943	Increase or Decrease
Dining and Buffet Service.....	\$ 251,441 26	\$ 22,621 34
Grain Elevators.....	41,449 73	28,753 94
Other Miscellaneous Operations.....	567 00	171 50
<i>Total Miscellaneous Operations.....</i>	<i>\$ 293,457 99</i>	<i>\$ 51,546 78</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(.34%)</i>	<i>(.03%)</i>
GENERAL		
Salaries and Expenses of General Officers.....	\$ 180,094 15	\$ 24,411 00
Salaries and Expenses of Clerks and Attendants.....	1,598,859 01	220,289 36
General Office Supplies and Expenses.....	125,627 41	6,282 98
Law Expenses.....	146,275 18	D 25,164 13
Insurance.....	644 25	140 82
Pensions.....	135,701 58	D 21,555 94
Stationery and Printing.....	48,044 20	5,093 27
Valuation Expenses.....	29,783 21	4,962 75
Other Expenses.....	125,185 64	64,941 13
General Joint Facilities — Dr.....	17,601 78	5,219 40
<i>Total General.....</i>	<i>\$ 2,407,816 41</i>	<i>\$ 284,620 64</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(2.79%)</i>	<i>(.06%)</i>
<i>Total Operating Expenses.....</i>	<i>\$60,566,252 24</i>	<i>\$11,216,212 89</i>
<i>Ratio to Total Operating Revenues.....</i>	<i>(70.16%)</i>	<i>(6.60%)</i>

D Indicates decrease.

EARNED SURPLUS — DECEMBER 31, 1943

<i>Item</i>	<i>Debit</i>	<i>Credit</i>
Balance, December 31, 1942 (Debit).....	(A) \$13,464,673 15	\$
Adjustment to Par of Boston and Maine Railroad Bonds Purchased.....		4,437,660 63
Restatement in part of Franklin & Tilton Railroad Capital Stock written off in a prior year.....		95,033 69
Miscellaneous Credits.....		57,589 10
Transferred To "Funded Debt Retired through Income and Surplus"..... \$10,875,600 00		
From "Sinking and Mis- cellaneous Fund Re- serves"..... 5,597,999 30		
From this Account.....	5,277,600 70	
Loss on Retired Road and Equipment.....	57,324 39	
Miscellaneous Debits.....	99,299 40	
Balance, December 31, 1943 (Debit).....		(B) 14,308,614 22
	\$18,898,897 64	\$18,898,897 64

(A) By order of Interstate Commerce Commission dated March 12, 1942, effective January 1, 1943, Railroads are required to separate Profit and Loss Account into Unearned Surplus, Appropriated Surplus, and Earned Surplus. Balance December 31, 1942, has been restated in accordance with this order.

(B) Includes Surplus earned by Lessor Companies before Consolidation.

ADDITIONS AND BETTERMENTS
(OPERATING PROPERTY)
Year Ended December 31, 1943

Road	Title Account	Gross Expenditures	Property Retired and Sold	Net Capital Changes
1	Engineering.....	\$ 38,608 66	\$ 59,138 04	\$ 20,529 38
2	Land for Transportation Purposes.....	60,004 27	87,698 23	27,693 96
3	Grading.....	110,456 44	36,550 00	73,906 44
6	Bridges, Trestles and Culverts.....	86,396 45	45,145 55	41,250 90
8	Ties.....	24,955 36	32,802 34	7,846 98
9	Rails.....	608,246 80	522,804 93	85,441 87
10	Other Track Material.....	631,498 75	467,722 90	163,775 85
11	Ballast.....	83,402 00	24,172 41	59,229 59
12	Track Laying and Surfacing.....	59,237 13	32,093 59	27,143 54
13	Fences, Snowsheds and Signs.....	3,242 73	8,737 57	5,494 84
16	Station and Office Buildings.....	32,272 11	278,797 50	246,525 39
17	Roadway Buildings.....	1,562 37	5,488 00	3,925 63
18	Water Stations.....	1,012 64	3,174 98	4,187 62
19	Fuel Stations.....	3,200 52	27,664 78	24,464 26
20	Shops and Enginehouses.....	142,673 00	225,361 66	82,688 66
21	Grain Elevators.....	—	13,849 53	13,849 53
23	Wharves and Docks.....	—	522,433 36	522,433 36
26	Telegraph and Telephone Lines.....	45 95	203 11	157 16
27	Signals and Interlockers.....	93,731 47	47,137 93	46,593 54
29	Power Plants.....	2,358 09	—	2,358 09
31	Power-Transmission Systems.....	1,645 66	3,616 07	5,261 73
37	Roadway Machines.....	95,289 30	158,544 62	63,255 32
38	Roadway Small Tools.....	38,199 35	1,550 20	36,649 15
39	Public Improvements — Construction.....	21,912 90	5,987 24	15,925 66
44	Shop Machinery.....	41,715 58	17,734 68	23,980 90
45	Power-Plant Machinery.....	16,824 76	7,992 00	8,832 76
Total Road.....		\$2,193,175 69	\$2,636,401 22	\$ 443,225 53
Equipment				
51	Steam Locomotives.....	\$ 339,622 97	\$ —	\$ 339,622 97
52	Other Locomotives.....	1,519,487 83	—	1,519,487 83
53	Freight-Train Cars.....	38,795 50	317,586 82	278,791 32
54	Passenger-Train Cars.....	158,494 90	111,492 32	47,002 58
56	Floating Equipment.....	—	10,235 00	10,235 00
57	Work Equipment.....	416,709 26	54,020 79	362,688 47
58	Miscellaneous Equipment.....	2,600 00	—	2,600 00
Total Equipment.....		\$2,475,710 46	\$ 493,334 93	\$1,982,375 53
General Expenditures				
72	General Officers and Clerks.....	\$ 876 99	\$ —	\$ 876 99
73	Law.....	534 75	—	534 75
74	Stationery and Printing.....	64 17	—	64 17
75	Taxes.....	299 46	—	299 46
76	Interest During Construction.....	192 51	1,730 06	1,537 55
77	Other Expenditures — General.....	4,342 00	—	4,342 00
Total General Expenditures.....		\$ 6,309 88	\$ 1,730 06	\$ 4,579 82
Totals.....		\$4,675,196 03	*\$3,131,466 21	\$1,543,729 82

***DISPOSITION OF CREDITS TO CAPITAL ACCOUNT**

Account No.		
701	Investment in Road and Equipment — Equipment Converted.....	\$ 293,759 09
708	Cash — Land, Buildings, Equipment, Rail and Track Fastenings Sold.....	161,250 13
716	Material and Supplies — Usable Material.....	280,769 18
722	Other Deferred Assets (Estimated Salvage to be recovered later).....	38,228 71
776	Reserve for Accrued Depreciation — Road and Equipment — Owned Road.....	1,428,122 62
778	Reserve for Accrued Depreciation — Road and Equipment — Leased Roads.....	107,786 86
531	Operating Expenses.....	775,865 68
621	Profit and Loss — Debits from Retired Road and Equipment.....	45,683 94

Total Amount Credited to Investment in Road and Equipment..... \$3,131,466 21

CAPITAL STOCK AND LONG-TERM DEBT OUTSTANDING DECEMBER 31, 1943 — OWNED ROAD

CAPITAL STOCK	Amount Outstanding	Dividend Rate	Cumulative Dividends Unpaid Since †Jan. 1, 1932*Oct. 1, 1931	Amount in Hands of the Public	Owned, Deposited with Trustee, or Held in Treasury or in Insurance Fund**
Prior Preference.....	\$ 23,135,600 00	7 %	†\$ 84 00 per share \$19,268,340 00	\$ 22,938,500 00	\$ 197,100 00
Prior Preference Negotiable Receipts	2,900 00			2,900 00	
First Preferred, Class A.....	18,860,000 00	5 %	*\$ 61 25 " "	18,834,100 00	25,900 00
" " B.....	7,648,800 00	8 %	*\$ 98 00 " "	7,648,800 00	
" " C.....	7,917,100 00	7 %	*\$ 85 75 " "	7,910,100 00	7,000 00
" " D.....	4,327,000 00	10 %	*\$ 122 50 " "	4,323,900 00	3,100 00
" " E.....	65,000 00	4½ %	*\$ 55 125 " "	65,000 00	
Preferred.....	3,149,800 00	6 %	Non-cumulative	3,149,800 00	32,300 00
Common.....	39,505,100 00			39,472,800 00	
	\$104,611,300 00			\$104,345,900 00	\$ 265,400 00

LONG-TERM DEBT			
Bonds secured by Mortgage dated December 1, 1919, supplemented as of July 1, 1940	Amount Outstanding	Date of Maturity	Rate
Series AA.....	\$ 185,000 00	January 1, 1944	4½ %
" CC.....	470,000 00	April 1, 1944	5 %
" DD.....	29,000 00	January 1, 1945	5 %
" EE.....	83,500 00	June 1, 1945	5 %
" FF.....	6,000 00	January 1, 1946	5 %
" GG.....	52,000 00	January 1, 1947	5 %
" II.....	13,000 00	April 1, 1947	5 %
" RR.....	25,000 00	July 1, 1950	3 %
" JJ.....	1,237,000 00	May 1, 1955	5 %
" AC.....	64,629,400 00	July 1, 1960	4 %
" AC.....	902,000 00	April 1, 1961	4¾ %
" AC.....	3,065,000 00	September 1, 1967	5 %
Income Mortgage " A.....	36,415,500 00	July 1, 1970	4½ %
Total Mortgage Bonds.....	\$107,112,400 00		

	\$ 179,000 00		\$ 6,000 00
	470,000 00		
	29,000 00		
	83,500 00		
	6,000 00		
	52,000 00		
	13,000 00		15,000 00
	10,000 00		
	1,237,000 00		
	63,958,900 00		670,500 00
	897,000 00		5,000 00
	2,424,000 00		641,000 00
	35,584,500 00		831,000 00
	\$104,943,900 00		\$2,168,500 00

Equipment Trust No. 5 Trust Certificates.....	\$ 114,000 00	May 1, 1944	5 %	\$ 114,000 00
" " 6 "	1,044,000 00	June-Dec. 1, 1944-49	4 %	1,044,000 00
" " 7 "	270,000 00	December 1, 1944	3 1/2 %	270,000 00
<i>Total Equipment Trust Obligations.....</i>	<i>\$ 1,428,000 00</i>			<i>\$ 1,428,000 00</i>
Lease and Purchase Agreements—Equipment...	\$ 5,004,499 62	Various	Various	\$ 5,004,499 62
<i>Grand Total Long-Term Debt.....</i>	<i>\$113,544,899 62</i>			<i>\$111,376,399 62</i>
				<i>\$2,168,500 00</i>

** No interest paid.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1943

Leased Roads

NAME OF ROAD AND DESCRIPTION	CAPITAL STOCK		
	Amount Outstanding	Dividend Rate (Paid as rental)	Owned, Deposited with Trustee, or Held in Treasury or in Insurance Fund
Nashua and Lowell	\$ 800,000 00	9 $\frac{7}{10}$ %	\$ 733,200 00
Stony Brook	300,000 00	7 $\frac{7}{10}$ %	22,500 00
Wilton	240,000 00	(A)	232,100 00
Peterborough	385,000 00	1 $\frac{3}{4}$ $\frac{7}{10}$ %	348,000 00
Concord and Portsmouth	350,000 00	3 $\frac{1}{2}$ $\frac{7}{10}$ %	221,500 00
Pemigewasset Valley	541,500 00	3 $\frac{7}{10}$ %	405,500 00
Northern	3,068,400 00	6 $\frac{7}{10}$ %	252,000 00
Vermont and Massachusetts	3,193,000 00	6 $\frac{7}{10}$ %	—
Troy and Bennington	150,800 00	10 $\frac{7}{10}$ %	41,900 00
Connecticut and Passumpsic Rivers — Preferred	2,500,000 00	6 $\frac{7}{10}$ %	249,700 00
Massawippi Valley	800,000 00	6 $\frac{7}{10}$ %	—
Vermont Valley	1,000,000 00	—	1,000,000 00
Sullivan County	500,000 00	—	—
Peterborough and Hillsborough	45,000 00	—	—
Newport & Richford	350,000 00	—	—
Concord & Claremont, N. H.	412,400 00	—	12,000 00
<i>Total Capital Stock</i>	<i>\$14,636,100 00</i>		<i>\$3,518,400 00</i>

FUNDED DEBT

	Bonds Outstanding	Date of Maturity	Rate	Owned, Deposited with Trustee, or Held in Treasury or in Insurance Fund
Connecticut and Passumpsic Rivers	\$1,900,000 00	*Apr. 1, 1943	4 $\frac{7}{10}$ %	(B) \$1,862,000 00
Concord & Claremont, N. H.	500,000 00	Jan. 1, 1944	5 $\frac{7}{10}$ %	123,000 00
Sullivan County	357,000 00	Apr. 1, 1944	6 $\frac{7}{10}$ %	—
Peterborough and Hillsborough	80,000 00	July 1, 1951	4 $\frac{1}{2}$ $\frac{7}{10}$ %	80,000 00
Peterborough and Hillsborough	65,000 00	**Apr. 30, 1887	No interest	—
Vermont Valley	1,430,000 00	Oct. 1, 1955	4 $\frac{7}{10}$ %	—
Newport & Richford	341,000 00	Jan. 1, 1966	4 $\frac{7}{10}$ %	341,000 00
<i>Total Funded Debt</i>	<i>\$4,673,000 00</i>			<i>\$2,406,000 00</i>

MILES OF ROAD OPERATED, DECEMBER 31, 1943

STEAM ROADS	Owned	Leased	Total
Main Lines.....	806 35	243 79	1,050 14
Branch Lines.....	509 42	177 02	686 44
Trackage Rights.....	—	82 28	82 28
<i>Total Road Operated.....</i>	1,315 77	503 09	1,818 86
Second Track.....	440 50	(c) 129 50	570 00
Third Track.....	4 40	(d) 5 53	9 93
Other Tracks.....	893 43	175 85	1,069 28
<i>Total Track Operated.....</i>	2,654 10	813 97	3,468 07

(A) Annual rental \$8,844.00.

(B) \$38,000 owned by Connecticut and Passumpsic Rivers Railroad Co.

(C) Includes trackage rights, 14.47 miles.

(D) Includes trackage rights, .99 mile.

* These bonds matured April 1, 1943 and are held by the Boston and Maine Railroad as an overdue obligation of the Connecticut and Passumpsic Rivers Railroad Co.

** These bonds matured April 30, 1887. Owned by the Northern Railroad and held by the Boston and Maine Railroad under the terms of the Northern Railroad lease.

OPERATING STATISTICS

	Year Ended Dec. 31, 1943	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED		
Freight service.....	1,809.69	36.22
Passenger service.....	1,442.41	6.96
<i>Total.....</i>	<i>1,821.91</i>	<i>36.22</i>
TRAIN MILEAGE		
Freight service (with locomotives).....	4,956,304	306,427
Passenger service (with locomotives).....	6,815,367	181,315
Passenger service (without locomotives).....	347,048	114,755
Work service.....	277,824	39,457
<i>Total train miles.....</i>	<i>12,396,543</i>	<i>412,464</i>
* LOCOMOTIVE MILEAGE		
Freight service.....	6,508,252	501,516
Passenger service.....	7,282,029	233,490
Train switching.....	310,026	28,428
Yard switching.....	2,837,316	273,960
Work service.....	326,983	41,544
<i>Total locomotive miles.....</i>	<i>17,264,606</i>	<i>1,022,082</i>
CAR MILEAGE		
Freight-Train Car Miles:		
Loaded.....	167,389,632	6,616,793
Empty.....	90,822,026	3,858,069
Caboose.....	5,096,034	314,639
<i>Total freight-train car miles.....</i>	<i>263,307,692</i>	<i>10,789,501</i>
Passenger-Train Car Miles:		
Passenger coaches.....	24,514,510	3,563,762
Sleeping and parlor cars.....	4,142,270	260,615
Club, lounge, dining and observation cars.....	322,243	2,578
Business cars.....	6,775	6,021
Mail, express, and baggage cars, and combination cars other than passenger.....	16,107,365	473,837
Combination passenger cars (mail, express, or baggage with passenger).....	4,513,790	227,988
<i>Total passenger-train car miles.....</i>	<i>49,606,953</i>	<i>3,996,373</i>
<i>Total transportation service car miles.....</i>	<i>312,914,645</i>	<i>14,785,874</i>
AVERAGES		
Operating revenues per mile of road.....	\$47,382.02	\$5,594.49
Operating expenses per mile of road.....	33,243.27	6,684.29
Net railway operating income per mile of road.....	6,519.18	1,995.72
Operating revenues per train mile.....	\$ 7.12	\$.51
Operating expenses per train mile.....	5.00	.80
Net railway operating income per train mile.....	.98	.37
Total Freight cars per revenue train mile.....	52.10	1.18
Loaded Freight cars per revenue train mile.....	33.77	.81
Empty Freight cars per revenue train mile.....	18.32	.38
Total Passenger cars per train mile.....	6.93	.50

* Includes 447,958 Electric locomotive miles and 1,097,964 Diesel locomotive miles.
Italics indicate decrease.

TRAFFIC STATISTICS

	Year Ended Dec. 31, 1943	Increase or Decrease
FREIGHT		
Freight Revenue.....	\$ 59,694,792	\$ 3,958,159
Tons of revenue freight carried.....	27,527,079	2,190,147
Tons of company freight carried.....	2,355,805	249,770
<i>Total tons of freight carried.....</i>	<i>29,882,884</i>	<i>2,439,917</i>
Tons of revenue freight carried one mile.....	4,811,142,420	506,907,550
Tons of company freight carried one mile.....	209,391,665	5,173,740
<i>Total tons of freight carried one mile.....</i>	<i>5,020,534,067</i>	<i>512,081,290</i>
PASSENGER		
Passenger Revenue:		
Monthly commutation ticket passengers.....	\$ 778,383.82	\$ 22,979.71
All other commutation ticket passengers.....	1,321,979.27	86,254.93
Single fare ticket passengers (not including interline).....	10,067,753.62	2,510,133.76
Interline ticket passengers.....	6,847,766.01	1,475,069.51
<i>Total passenger revenue.....</i>	<i>\$19,015,882.72</i>	<i>\$4,048,478.49</i>
Number of Passengers Carried:		
Monthly commutation ticket passengers.....	3,491,773	41,303
All other commutation ticket passengers.....	7,586,652	740,203
Single fare ticket passengers (not including interline).....	16,199,567	3,294,810
Interline ticket passengers.....	3,799,315	1,026,540
<i>Total number of passengers carried.....</i>	<i>31,077,307</i>	<i>5,020,250</i>
Number of Passengers carried one mile:		
Monthly commutation ticket passengers.....	80,580,292	232,001
All other commutation ticket passengers.....	72,861,448	7,641,708
Single fare ticket passengers (not including interline).....	497,807,229	124,371,914
Interline ticket passengers.....	300,159,530	69,377,252
<i>Total number of passengers carried one mile.....</i>	<i>951,408,499</i>	<i>201,622,875</i>
Number of passengers to and from Boston, including monthly ticket passengers..	25,270,415	3,623,464
AVERAGES		
Freight:		
Miles hauled — revenue freight.....	174.78	4.90
Tons of revenue freight per train mile.....	970.71	45.04
Tons of revenue freight per loaded car mile.....	28.74	1.97
Revenue per ton of freight.....	\$ 2,168.58	\$.03124
Revenue per ton per mile..... (cents)	1.241	.054
Revenue per revenue train mile.....	\$ 12.044	\$.057
Freight revenue per loaded car mile..... (cents)	35.662	.994
Passenger:		
Average distance carried per passenger (miles).....	30.61	1.84
Number of passengers per train mile.....	132.83	27.16
Number of passengers per car mile.....	28.68	3.38
Revenue per passenger.....	61.17	3.72
Revenue per passenger mile, monthly commutation ticket passengers..... (cents)	.966	.034
Revenue per passenger mile, other commutation ticket passengers..... (cents)	1.814	.080
Revenue per passenger mile, single fare not including interline..... (cents)	2.023	.061
Revenue per passenger mile, interline passengers..... (cents)	2.281	.046
Revenue per passenger mile, all passengers..... (cents)	1.998	.062
Passenger revenue per passenger car mile..... (cents)	57.328	6.830
Total passenger service train revenue per train mile.....	\$ 3.249	\$.600

Italics indicate decrease.



